THE HONOURABLE SRI JUSTICE GODA RAGHURAM

WRIT PETITION NO. 4439 OF 2007

BETWEEN:

M/s.Circar Oils Corporation, rep. By its prop.M.Narayanacharyulu

…petitioner

vs.

The Authorized Officer, SBI Industrial Estate Branch, Guntur and others

..Respondents

THE HONOURABLE SRI JUSTICE GODA RAGHURAM

WRIT PETITION NO. 4439 OF 2007

ORAL ORDER :

Heard the learned counsel for the petitioner and Ms. Ch. Lakshmi Kumari, the learned Standing Counsel for the respondent-Bank.

Under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short "the Act"), after notices u/Sec.13(2) of the Act and taking possession u/Sec.13(4) the secured assets mortgaged by the petitioner have been notified for submission of tenders in a sealed cover-cum-open bidding scheme for sale by public auction. The reserve price of the secured asset in Plot Nos. 17, 18 & 29 at Vaddeswaram village in Sy.Nos. 16/1, 17/1A and 17/2, Raghava Estate, NGH 5 Bypass, Tadepalli (M), Guntur District, is specified to be Rs.70 lakhs.

The petitioner assails the tender notification dated 7.2.2007. According to the petitioner the reserve price fixed is grossly undervalued. The petitioner states that earlier on 21.2.2007 the petitioner has brought a third party offering Rs.90 lakhs for this property. According to the petitioner the property is worth more than Rs.1 crore and even the valuation report

furnished to the respondents on 27.01.2005 has certified the value of the property to be of the order of Rs. 1,00,70,000. Of course the petitioner fails to mention wherefrom he secured/procured the valuation report. It appears to have been solicited by the Branch Manager of the Industrial Estate Branch, Amaravathi Road of State Bank of India. The valuation report dated 27.1.2005 does not appear to be a public document nor is it marked to the petitioner.

On instructions Ms Ch. Lakshmi Kumari, the learned Standing Counsel for the respondent-Bank submits that by letter dated 26.02.2007 the bank had responded to the letter of the petitioner dated 21.02.2007 and pointed out that if somebody willing to offer Rs.90 lakhs to the property, that party may be informed to participate in the sealed tender-cum-open bid process now initiated by the Bank. The letter also states that the petitioner had failed to inform the name and address of the proposed buyer despite a specific request of the bank in this behalf. The bank has also refuted the petitioner's claim that the present value of the property is Rs.1.5 crores.

The petitioner does not establish before this court that there are any statutory guidelines or instructions which obligate the manner and process by which a reserve priced need be fixed for public auction of the property under the provisions of the Act.

In the aforesaid circumstances the fixing of the reserve price for the property at Rs.70 lakhs is not established to be perverse or in violation of any legal norm. At any rate the reserve price is just that, a price below which the property would not be sold. It is not the selling price at which the property might be sold. It is also open to the petitioner to get bidders for any higher amount than the reserve price for the property in

question. The property will be sold at the highest offer received at the auction process.

There are no merits. The writ petition is accordingly dismissed at the stage of admission. No order as to costs.

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GODA RAGHURAM,J

6TH MARCH 2007
PVSN/TSNR